

As I mentioned yesterday, the President's budget will increase spending, increase taxes, increase the deficit, and increase the debt; all in spite of the fiery rhetoric of President Obama's State of the Union speech, which called for a decrease in each of the above areas.

Here is some information based on a top line analysis:

Debt: The President's Budget doubles the debt in 5 years and triples it by FY 2019, from FY2008 levels. It aims to push the debt to \$9.3 trillion this year, or 63.6% of gross domestic product (GDP). This would be the largest debt in history, and the largest debt as a share of our economy in 59 years.

You may remember Congress passed a debt limit increase just prior to the holidays, but under this budget, that debt limit will again have to be increased before October 1, 2011. The interest alone on this debt will reach \$840 billion in 2020.

Deficits: This budget boosts the deficit to a record level this year, to \$1.6 trillion or 10.6% of GDP. To put this in context, this is the largest deficit as a share of the economy since the Second World War.

Taxes: By the White House's own estimates, the budget increases taxes by more than \$2 trillion over 10 years – this of course excludes the impact on revenue of the costly Cap-and-Trade proposals (which amounts to \$834 billion by CBO's estimate of the House version, in case you were wondering).

Contrary to previous statements made by President Obama, he is indeed attempting to increase taxes on those earning less than \$250,000 including the new cap-and-trade taxes, and a tax on those who do not purchase health insurance.